

Board of Education Agenda Item

Item: _____ I. _____

Date: _____ November 29, 2007 _____

Topic: First Review of Criteria for Making Distributions from the Public Charter School Fund (HB 2311)

Presenter: Ms. Diane Jay, Associate Director, Office of Program Administration and Accountability

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Origin:

_____ Topic presented for information only (no board action required)

X Board review required by

X State or federal law or regulation

_____ Board of Education regulation

_____ Other: _____

_____ Action requested at this meeting X Action requested at future meeting: January 10, 2008

Previous Review/Action:

X No previous board review/action

_____ Previous review/action

date _____

action _____

Background Information: Section 22.1-212.5:1 of the *Code of Virginia*, as amended on July 1, 2007, creates in the treasury a special nonreverting public charter school fund. The purpose of the Fund is to establish a mechanism whereby any gifts, grants, bequests, or donations from public or private sources can be paid into the state treasury and credited to the Fund. Moneys in the Fund are to be used solely for the purposes of establishing or supporting public charter schools in the Commonwealth that stimulate the development of alternative public education programs. The *Code* requires the Virginia Board of Education to establish criteria for making distributions from the Fund to a public charter school requesting moneys.

Summary of Major Elements: The *Code* requires the Board to establish criteria for making distributions from the Fund. Attachment A contains eligibility criteria requirements for charter schools applicants to receive moneys from the Fund. The criteria include provisions for receiving moneys from the Fund and provisions for oversight of the Fund by the Department. Two priorities are recommended in awarding funds. Applications establishing new public charter schools will be given first priority. Applications supporting public charter schools that have been in operation for more than one year, and

are fully accredited as required under 8 VAC 20-131-300 in the *Regulations Establishing Standards for Accrediting Public Schools in Virginia*, September 7, 2006, will be given second priority.

Moneys from the Fund shall be limited to \$10,000, or less, depending on the amount available. The minimum award amount would be \$5,000. To date, no gifts, grants, bequests, or donations have been received, and no funds will be disbursed until such time as funds are received.

Superintendent's Recommendation: The Superintendent of Public Instruction recommends that the Board of Education accept for first review the Criteria for Making Distributions from the Public Charter School Fund pursuant to §22.1-212.5:1, *Code of Virginia*.

Impact on Resources: The responsibility can be absorbed by the agency's existing resources at this time.

Timetable for Further Review/Action: The criteria will be presented to the Board for final review in January 2008. Following final review and approval, the criteria will be posted to the section of the Department's Web site related to charter schools. When moneys become available in the Fund, their availability will be posted to the Department's Web site.

Proposed Criteria for Making Distributions from the Public Charter School Fund November 29, 2007

Background

Section 22.1-212.5:1 of the *Code of Virginia*, as amended on July 1, 2007, creates in the treasury a special nonreverting public charter school fund. The purpose of the Fund is to establish a mechanism whereby any gifts, grants, bequests, or donations from public or private sources can be paid into the state treasury and credited to the Fund. Interest earned on moneys remain in the Fund and at the end of each fiscal year shall not revert to the general fund but remain in the Fund. Moneys in the Fund are to be used solely for the purposes of establishing or supporting public charter schools in the Commonwealth that stimulate the development of alternative public education programs. The *Code* requires the Virginia Board of Education to establish criteria for making distributions from the Fund to a public charter school requesting moneys. The language in Section 22.1-212.5:1 of the *Code* is found in Appendix A.

"Public charter school" is defined as a public, nonsectarian, nonreligious, or non-home-based alternative school located within a public school division. A public charter school may be created as a new public school or through the conversion of all or part of an existing public school; however, no public charter school shall be established through the conversion of a private school or a nonpublic home-based educational program. A charter school for at-risk pupils may be established as a residential school.

The following criteria provide the eligibility requirements for public charter schools to receive moneys from the Fund.

Public Charter School Fund: Criteria

- Distribution from the Charter School Fund shall be used to provide moneys to assist with 1) establishing new public charter schools; and 2) supporting existing public charter schools.
- First priority for funding will be given to applicants establishing a new public charter school. "New" is defined as a school that has been issued permission to operate as a charter for the first time whether it is a new public school or through the conversion of all or part of an existing public school. Prior to submitting a request for funding, an entity planning to request moneys for assistance with the establishment of a new public charter school must first have its charter school application approved by the local school board where the charter school is to be located prior to submitting a request for funding.
- Second priority will be given to supporting public charter schools that: 1) have been in operation for more than one year, and 2) are fully accredited as required under 8 VAC 20-131-300 of the *Regulations Establishing Standards for Accrediting Public Schools in Virginia*.

- Awards made from the Fund shall be limited to \$10,000, or less, depending on the amount available in the Fund. The minimum award amount would be \$5,000.

Requests from the Fund

- To access moneys from the Fund, a letter of request must be sent to the office of Program Administration and Accountability, Virginia Department of Education, P.O. Box 2120, Richmond, Virginia, 23218-2120. Faxes or e-mails will not be accepted.
- For those seeking funds for a new charter school, the letter shall include the following components:
 - The amount of funds requested from the Fund;
 - Information about the proposed public charter school as follows:
 - Identification of the charter applicant;
 - Name of the proposed charter school;
 - A description and location of the physical facility in which the charter school will be located;
 - Number of students and grade or age levels to be served by the school;
 - Mission and measurable education goals of the charter school, the curriculum to be offered, and the methods of assessing whether students are meeting educational goals; and
 - A financial plan of how the entity will use the requested funds and be accountable for those funds, including a timeline.
 - A letter from the local school board confirming the date of approval of the charter school.
- For those seeking funds for an existing charter school, the letter shall include the following components:
 - The amount of funds requested from the Fund;
 - Information about the public charter school as follows:
 - Identification of the charter applicant;
 - Name of the charter school;
 - A description and location of the physical facility in which the charter school is located;
 - Number of students and grade or age levels served by the school;
 - Mission and measurable education goals of the charter school, the curriculum offered, and assessment results;
 - School accreditation ratings from the previous year; and
 - A financial plan of how the entity will use the requested funds and be accountable for those funds, including a timeline.
 - A letter from the local school board confirming that the charter school has operated for more than one year, has met the terms of its charter, and is in good standing with the school board.

Administration

- The Board of Education delegates authority to the Superintendent of Public Instruction for awarding and administering moneys from the Fund.
- An account will be established within the Department of Education to disburse moneys from the Public Charter School Fund, a special nonreverting fund, created in the state treasury in which gifts, grants, bequests, donations, or appropriations from public or private sources have been received and credited for the purpose of establishing or supporting public charter schools in the Commonwealth. The account will be administered according to state accounting practices and Section 22.1-212.5:1, *Code of Virginia*.
- Moneys in the Fund will be distributed on a first-come, first-served basis by priorities for funding within the eligible categories: 1) new charter school; or 2) existing charter school. All criteria being equal, the postmark on the application letter will be the determining factor for funding. If the postmarks are identical, funds will be divided equally among approved applicants. If there are not adequate funds to award the minimum award amount of \$5,000, a waiting list will be maintained for 12 months. If adequate funds become available within the 12-month period of the waiting list, moneys in the fund will be distributed on a first-come, first-served basis by priority.
- The Department will act on the request within 30 business days of receipt. If awarded, funds will be disbursed to eligible applicants within 30 business days of Department approval.
- Moneys received from the Fund may be spent up to one year from the date of award. Award balances not spent by June 30th of the state fiscal year in which the funds were received may be carried over into the next state fiscal year and used for the same program purpose. The Department reserves the right to recover funds not expended within 12 months of receipt of the moneys.
- Charter schools are eligible to apply for additional distributions in subsequent years.

Assurances

An entity seeking moneys from the Fund for the implementation of public charter schools must provide assurances as follows:

- Moneys received by an entity under this program must be used for implementing or supporting public charter schools that stimulate the development of alternative public education programs.
- Moneys received under the Fund must be maintained in a separate account.
- The entity receiving moneys from the Fund must maintain financial records, subject to review by local auditors, that demonstrate that all moneys received through the Fund were used in accordance with the intent of the criteria.

Appendix A

Code of Virginia § 22.1-212.5:1. Public Charter School Fund established.

There is hereby created in the state treasury a special nonreverting fund to be known as the Public Charter School Fund, hereafter referred to as "the Fund." The Fund shall be established on the books of the Comptroller. Any gifts, grants, bequests, or donations from public or private sources shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to the Fund. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of establishing or supporting public charter schools in the Commonwealth that stimulate the development of alternative public education programs. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Superintendent of Public Instruction. The Board of Education shall establish criteria for making distributions from the Fund to a public charter school requesting moneys from the Fund and may issue guidelines governing the Fund as it deems necessary and appropriate.